

AR48

Columbia Placers
Limited

FIRST ANNUAL REPORT

1964

Columbia Placers Limited

OFFICERS

FRANK J. SANELLI, *President*
ROBERT W. MACAULAY, Q.C., *Vice-President*
ROBERT J. WATSON, *Secretary*
ERNEST ROWLEY, *Treasurer*

DIRECTORS

ROBERT ARBLASTER
CLIFFORD ASHTON
JACK BAKER
JAMES H. BLACK
RONALD COOK
R. A. EAGLESON
RICHARD HARRIS
ROBERT W. MACAULAY, Q.C.
ROBERT NEIMAN
ERNEST ROWLEY
FRANK J. SANELLI
JOHN SANELLI
ROBERT J. WATSON

BANKERS

TORONTO-DOMINION BANK,
Bathurst and Eglinton, Toronto, Ont.

SOLICITORS

HAINES, THOMSON, ROGERS, MACAULAY, HOWIE & FREEMAN, Toronto, Ont.

AUDITORS

COSSAR, HECTOR, PAYNE & Co., Toronto, Ont.

TRANSFER AGENTS AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA, 366 Bay St., Toronto, Ont.

EXECUTIVE OFFICE

161 Rivalda Road, Weston, Ontario.

Columbia Placers Limited

Directors' Report to the Shareholders

Your directors submit herewith the annual report of your company, including the balance sheet as at October 15th, 1964, and the auditors' report thereon.

As of December 31st, your company holds leases covering 7½ lineal miles of McConnell Creek valley from McConnell Lake southward to the Ingenika River. The location of your property is 250 miles northwest of Prince George, British Columbia.

During 1964, sufficient testing was completed to indicate that a profitable gold mining operation for Columbia Placers Limited would be feasible. This decision was based upon sample tests of an area covering 5 benches containing 8,500,000 yards of gravel. Seismograph testing has been completed on approximately half of the property, indicating that gravel reserves are on the order of 55,000,000 cubic yards.

In early 1964, your president and a director went to Vancouver and purchased equipment to develop the property and organized a crew to move heavy equipment 140 miles over a cat trail to the property. In June of 1964, construction of the camp site was undertaken and a pilot plant set up to mine test the Dahl bench. Roads on the property were built from McConnell Lake to the camp site. A saw mill was introduced, making the camp self sufficient in cut lumber.

In the fall of 1964, a landing strip to handle large aircraft was started which, when completed, will facilitate the serving of the property with heavy equipment.

In November your president together with G. L. Holbrooke, the company's consulting geologist, and James Black, a director, went to San Francisco to visit a placer mining operation owned by Yuba Consolidated Industries Inc. for the purpose of purchasing a dredge suitable for mining on the Columbia Placers property in British Columbia. Your management also at that time interviewed Charles Romanowitz of Alameda, California, one of the world's foremost experts in placer gold mining. We were successful in retaining Mr. Romanowitz both to assist us in our choice of dredge and to undertake the installation of our mining plant. We hope to effect the purchase of our dredge early in 1965 and to have it operating on the property by mid-year.

Mr. Romanowitz has expressed the opinion that both the results of our exploration program and the indicated values in gold are most impressive.

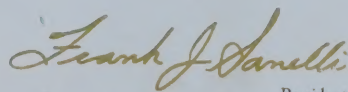
In December, your management appointed Roland Legg, a geologist, to head up the drilling program scheduled to be carried out during the current winter. The purpose of this program is to prove up readily mineable ore and to determine the most productive site for locating our large gold and platinum recovery dredge.

At the end of the year we engaged Donovan Electric, a highly experienced firm in power plant installations for mining, to draw up the specifications in tender form for our own power station.

During the year, your president maintained direct contact with developments on the property through three personal visits and through personal visits of other directors.

Your company enters 1965 with great optimism, knowing that its progress is to be greatly accelerated by its plan to commence mining production on a profitable basis during the year.






Respectfully submitted on behalf of the Board,

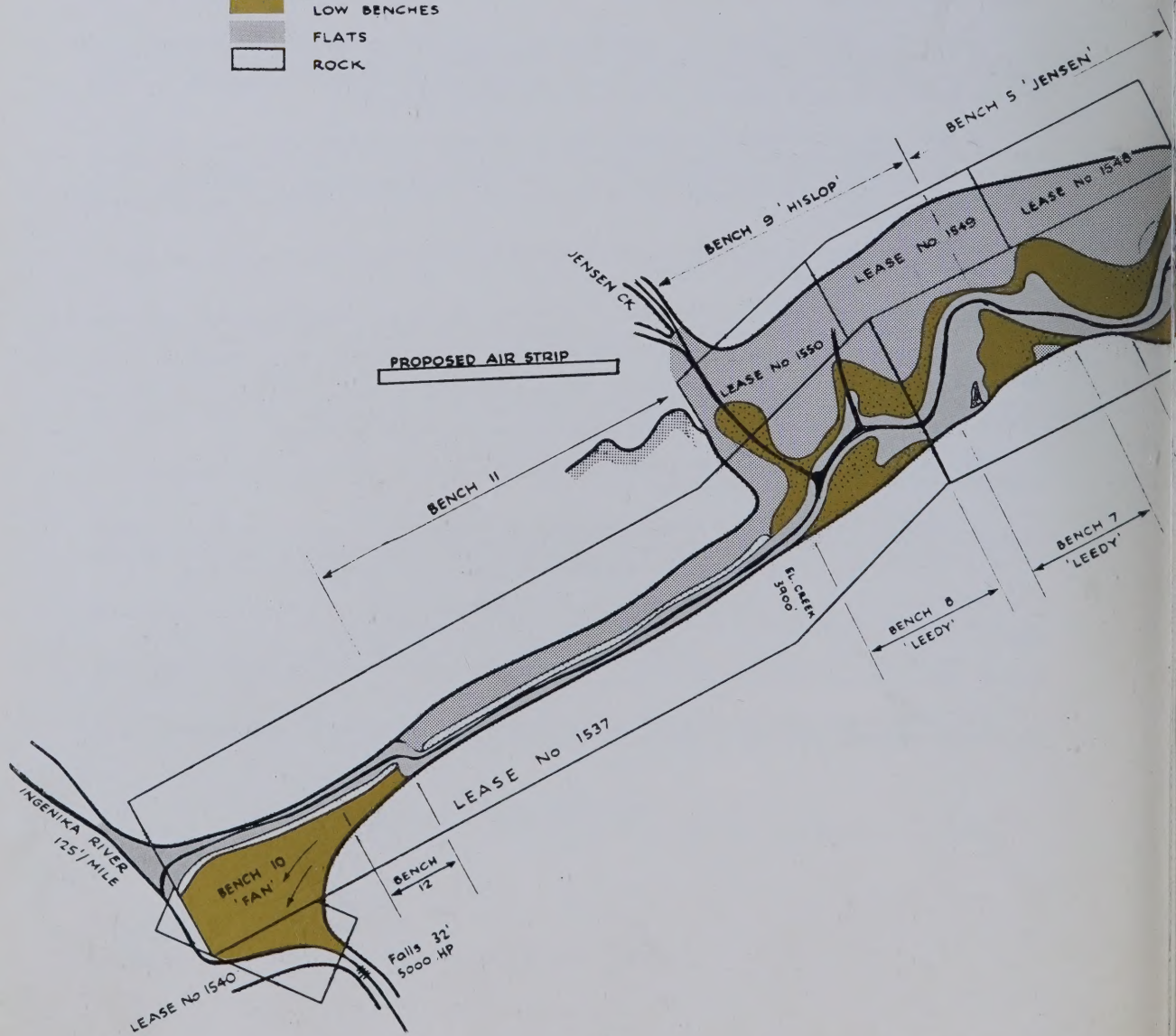


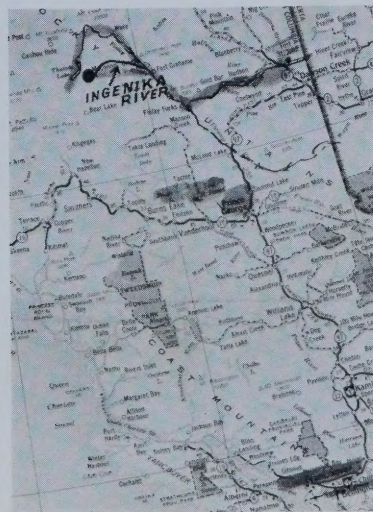
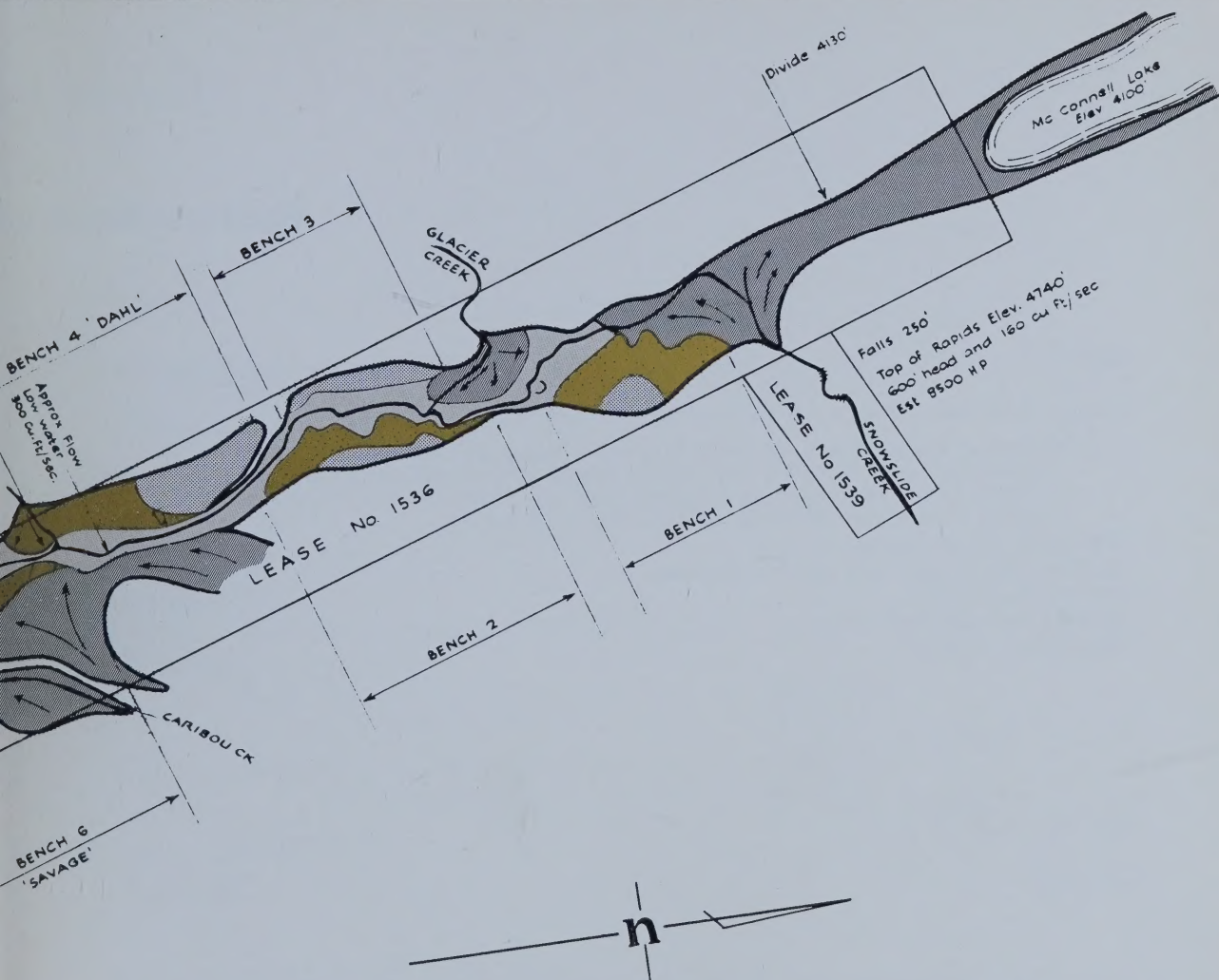
President.

January 4th, 1965.

LEGEND

-  RECENT OUTWASH AND SLIDES
-  HIGH BENCHES
-  LOW BENCHES
-  FLATS
-  ROCK





COLUMBIA PLACERS LIMITED
McCONNELL CREEK PROPERTY
 CASSIAR DISTRICT - B.C.

2000 0 2000 4000 6000
 FEET

November 4th, 1964 G.L. Holbrook

Balance Sheet as

ASSETS

Cash \$ 34,025.47

MINING PROPERTIES — Note 1

Two special Placer Mining leaseholds held under option and five Placer Mining leaseholds owned, located in the Omineca Mining District of Central Northern British Columbia acquired for \$18,000.00 cash and 750,000 shares of the company's capital stock valued by the Directors at 10¢ per share

93,000.00

Machinery and equipment — at cost 55,429.02

Machinery rentals paid with option to purchase 773.00

Deferred expenditure 122,582.69

Deposits and employees' advances 2,289.87

Organization expenses 3,003.45

\$311,103.50

NOTE 1 Under an agreement dated 12 March, 1964 the company acquired for \$18,000.00 cash of which \$5,000.00 has been paid and \$13,000.00 is to be paid and 750,000 shares of the company's capital stock valued by the Directors at 10¢ per share an option to purchase two special Placer Mining leaseholds and ownership of five Placer Mining leaseholds all located in the Omineca Mining District of Central Northern British Columbia.

In accordance with the terms of the agreement under which the two special Placer Mining leaseholds are held under option the company will be required to pay 5% of the net mint receipts or net smelter returns of all gold and other minerals recovered from the leaseholds or alternatively a minimum annual payment on the 31 December in each year of \$5,000.00 until the total of \$97,000.00 has been paid in full.

NOTE 2 At 15 October, 1964 options to purchase 150,000 shares in the capital stock of the company at the price of 40¢ per share and 50,000 shares in the capital stock of the company at the price of 50¢ per share were outstanding to an underwriter optionee. These options have since been exercised. In addition, the company has, since 15 October, 1964, sold a further 500,000 shares in the capital stock of the company to an underwriter optionee at the following prices:

175,000 shares at 50¢ per share

125,000 shares at 60¢ per share

100,000 shares at 70¢ per share

100,000 shares at 80¢ per share

The effect of the foregoing on the issued capital of the company is that as of 10 November, 1964 700,000 further shares had been issued bringing the total number of issued shares to 2,250,000 and a further \$397,500.00 had been paid into the company in consideration for such shares.

NOTE 3 Under an agreement dated 29 October, 1964 the company granted to its president, Frank J. Sanelli, a non-assignable incentive option to purchase 200,000 shares of the capital stock of the company at the price of 50¢ per share exercisable on or before 29 October, 1967.

15 October, 1964

LIABILITIES

Accounts payable—mining properties	\$ 13,000.00
Accounts payable—general	70,753.40
Notes payable—secured by liens against machinery and equipment	9,842.10
	<hr/>
	93,595.50

CAPITAL

SHARE CAPITAL—Notes 2 and 3

AUTHORIZED:

3,000,000 common shares of no par value

ISSUED AND FULLY PAID:

750,000 shares for properties	\$750,000.00	
Less discount thereon	675,000.00	
	<hr/>	\$ 75,000.00
800,008 shares for cash	800,008.00	
Less discount thereon	657,500.00	
	<hr/>	142,508.00
<u>1,550,008</u> shares		<hr/>
		217,508.00
		<hr/>
		\$311,103.50

Approved on behalf of the Board:

FRANK J. SANELLI, Director.

R. W. MACAULAY, Q.C., Director.

AUDITORS' REPORT

To the Shareholders of
COLUMBIA PLACERS LIMITED.

We have examined the balance sheet of Columbia Placers Limited as at 15 October, 1964, and the statement of deferred expenditure for the period from incorporation, 25 November, 1963 to 15 October, 1964. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of deferred expenditure present fairly the financial position of the company as at 15 October, 1964, and the results of its operations from incorporation to that date, in accordance with generally accepted accounting principles.

December 22, 1964.

COSSAR, HECTOR, PAYNE & CO.,
Chartered Accountants.

Columbia Placers Limited

Statement of Deferred Expenditure

From Incorporation 25 November, 1963 to 15 October, 1964

EXPLORATION

Aircraft	\$32,588.45	
Assays	289.50	
Consulting fees	1,254.14	
Engineering fees	3,723.75	
Field supplies	17,985.47	
Food supplies	4,519.50	
Gas and oil	4,134.95	
Government fees and licenses	1,311.00	
Repairs to equipment	2,287.65	
Survey	5,989.76	
Telephone and telegraph	631.40	
Travel	9,377.10	
Wages	28,798.12	
Workmen's compensation	429.66	
		<u>\$113,320.45</u>

ADMINISTRATION

Advertising	959.52	
Bank charges	44.25	
General	137.50	
Insurance	354.62	
Legal and audit	3,930.00	
Office supplies and expense	762.57	
Prospectus	1,829.28	
Transfer agent	279.50	
Travel	965.00	
		<u>9,262.24</u>
TOTAL DEFERRED EXPENDITURE		<u>\$122,582.69</u>

Columbia Placers Limited

REPORT ON McCONNELL CREEK PROPERTY CASSIAR DISTRICT, B.C.

Summary, Conclusions and Recommendations

by G. L. HOLBROOKE
Consulting Geologist

Summary and Conclusions

The McConnell Creek property lies in the interior of northern British Columbia, near the headwaters of the Finlay River. McConnell Creek flows southward for 7½ miles through a straight steep-walled valley and empties into the eastward flowing Ingenika River. The upper 5 miles of the valley averages about 2,000 feet wide while the lower 2½ miles consists of a narrow V shaped canyon both of which are covered by the property.

The entire valley contains a very large quantity of auriferous gravel distributed in wide flats and bordering benches. These are derived from an immense quantity of glacial debris which once covered a large part of the area to a depth of about 1,000 feet. The stratified gravels within the valley were transported and deposited to a thickness of over 100 feet by north-flowing streams in an ice-front lake at the close of the glacial period. Subsequently the drainage was reversed and since then erosion by the present south-flowing stream has reworked the gravels and sculptured them in their present configuration. Considerable placer gold was thinly dispersed through the large quantity of debris left by the glaciers and much of this was concentrated in the gravels deposited in the valley by the post-glacial erosion. The later erosion has served to further concentrate and redistribute this gold.

The gravels in the wider, upper part of the valley are underlain by a thick, gently rolling, false bedrock of indurated silt into which the gold has not penetrated and which provides an ideal "floor" for any mining operation.

The gravels are found on top of this false bedrock as widespread flats averaging 9 feet above creek level, as low-lying benches from 15 to 50 feet high, and as higher benches from 50 to over 150 feet thick. The total quantity of gravel is estimated at 55,000,000 cubic yards divided 4,250,000 cubic yards in the flats, 14,250,000 in the low benches and 36,650,000 in the higher benches.

Information as to the grade of the gravels is inadequate for any accurate appraisal of the deposits. It is, however, sufficient to indicate that the possibilities are both large and important and that they amply justify the expense of a complete, systematic sampling.

Early information is provided by old reports of a number of crude, small scale, hand-mining operations which were undertaken on many of the low-lying benches between 1900 and 1940. This information indicates that the old workings must have averaged over \$2.00 per cubic yard with some areas running as high as \$7.00.

To supplement the old information the bench gravels were tested near surface by panning and sluicing at many places during the summer of 1960. The results ranged from 20¢ to over \$5.00 per cubic yard with the majority of the pannings being in the 50¢ to \$1.25 range. Because of ground water it was impossible to test the gravels in the flats but, from the origin of the gravels, these should be higher grade than those of the benches.

During the summers of 1961, 1962 and 1964 five of the lower benches in the south part of the valley were partially tested to a depth of about 12 feet by a number of pits and bulldozer cuts and the depths of gravel were determined by seismic surveys in 1964. The results indicate approximately 8,615,000 cubic yards in these benches alone with a possible average grade of just under \$2.00 per cubic yard. If the 2,680,000 cubic yards in the south flats is included there is indicated over 11,000,000 cubic yards of gravel in the south part of the valley after eliminating the immense yardage in the high benches. This could support a large scale dredging operation for several years if a grade in excess of \$1.00 per cubic yard can be definitely established.

Even with the present inadequate testing serious consideration should be given the installation of a medium sized dredge to mine some of the southern low benches and flats in lieu of drilling if a good used dredge can be

obtained cheaply. Total costs should be in the order of 40¢ per cubic yard and a sizeable profit could be won if the meagre grade indications stand up. If a suitable dredge can be purchased, transported to the valley and assembled for approximately \$500,000 the attendant services such as power development, landing strip, camps, roads, etc. could probably be supplied for approximately \$150,000. Lacking adequate detailed sampling such an operation would definitely be a gamble but in my opinion would have every chance of success.

If it is decided to try dredging, one bench, say the Jensen, could be chosen and the balance of the south part of the valley could be drilled off concurrently with the mining. Such drilling should include the high benches as these are indicated as being considerably lower in grade than the flats and low benches. However, once the latter have been mined the high benches can be mined by hydraulic methods for pennies per cubic yard and even if low grade this tremendous volume of gravel could return a handsome profit.

The testing to bedrock of the gravels of at least the southern half of the valley should still be the prime objective of any programme of development on the property. The test-mining of a particular bench, such as the Jensen bench, should be a secondary feature at this point as it will do but little toward evaluating the whole body of gravels.

When it is considered that a modern, large scale mining operation, even in this remote locality, would probably show total costs of less than 40¢ per cubic yard it is obvious that the property contains a very large profit potential. The thorough, systematic sampling and testing of the gravels in the valley, as recommended below, is definitely warranted.

Recommendations

Depending on the amount and type of financing available two alternative proposals for the testing of the property are submitted below.

(a) DRILL SAMPLING

It is recommended that all of the gravels on the southern half of the property be sampled to bedrock by a regular pattern of drill holes. Such holes should be drilled at 200 foot intervals along parallel, east-west lines 600 feet apart. The north-south length to be covered is approximately 9,000 feet which will require 160 holes averaging 70 feet deep for a total of 11,000 feet of drilling.

The holes should be drilled by a power drill using regulation 6 inch drill pipe and a 7½ inch cutting shoe. Arrangements should be made for the use of a diamond impregnated, expanding bit for the penetration of large boulders. The drill should be skid mounted and about 200 feet of drill pipe will be required together with adequate pumps and hose for water.

For a continuous full scale, sampling operation it is estimated that the total cost of the sampling will be approximately \$7.00 per foot or a total of \$77,000. An additional \$23,000 should be allowed for possible fill-in drilling later.

(b) DREDGING AND SAMPLING

It is recommended that the possibility of installing a suitable dredge on the property as suggested above for approximately \$500,000 be thoroughly investigated. Any dredges considered should be carefully checked by an expert in such matters as to their condition and suitability.

At the same time the power site on Snowslide Creek should be studied by a qualified power engineer and detailed costs of the power development and transmission should be supplied. Similarly the feasibility and cost of the construction of a landing strip for large aircraft near the property should be studied and reported on by an expert.

It is estimated that these investigations will cost approximately \$10,000. When completed they will provide the data on which to base a decision as to whether or not a dredge should be installed at this point.

If a decision is made in favour of dredging the Jensen bench an allowance of approximately \$90,000 should still be made for drilling the balance of this half of the valley.

November 4th, 1964.

THE ANNUAL GENERAL MEETING

of Shareholders of

Columbia Placers Limited

will be held on

WEDNESDAY, JANUARY 20th, 1965

at 10 a.m., Toronto time

at the

Royal York Hotel

Toronto, Canada

Type of dredge which Columbia Placers plans to employ on its gold producing property in 1965

